MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON K-12/HUMAN SERVICES

Seventy-Fourth Session
May 16, 2007

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on K-12/Human Services was called to order by Chair Sheila Leslie at 8:17 a.m., on Wednesday, May 16, 2007, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Sheila Leslie, Chair
Assemblywoman Barbara E. Buckley
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblywoman Debbie Smith
Assemblywoman Valerie E. Weber

SENATE COMMITTEE MEMBERS PRESENT:

Senator Barbara K. Cegavske, Chair
Senator William J. Raggio
Senator Dina Titus
Senator Bernice Mathews

STAFF MEMBERS PRESENT:

Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Rick Combs, Program Analyst
Laura Freed, Program Analyst
Rex Goodman, Program Analyst
Christine Bashaw, Committee Secretary
Patricia Adams, Committee Assistant

Chairwoman Leslie opened the hearing on BA 3195.

HEALTH AND HUMAN SERVICES
GRANTS MANAGEMENT UNIT BA 3195
BUDGET PAGE DIRECTOR'S OFC—29, VOLUME II

Rick Combs, Program Analyst, Fiscal Analysis Division, stated that the first major closing issue was available unallocated Title XX funds. The most recent grant award received by the Director's Office for fiscal year (FY) totaled $13,772,336. The Governor's recommended budget included revenues totaling $13,424,030 in FY 2008 and $13,429,068 in FY 2009. It appeared that the differences [$348,806 in FY 2008 and $343,268 in FY 2009] represented ongoing revenues which could be used by the Subcommittee to fund ongoing expenditures for a number of purposes.

Mr. Combs said that a recent reconciliation of Title XX awards from previous fiscal years and the expenditures of those funds indicated that there was an additional $1,658,111 that had not been drawn in previous fiscal years that could be used by the Subcommittee. Those should be considered one-time funds.

Mr. Combs told the Subcommittee that he would make recommendations for the use of the ongoing funds in other major closing items. Mr. Combs also recommended using $3,978 of the remaining unallocated funds as a transfer to the Division of Child and Family Services (DCFS) budgets to reconcile the transfer without adding General Funds.

Mr. Combs said the Subcommittee had various options for allocating the remaining $1,683,387 in unallocated Title XX funds. The Governor recommended expenditures for nonstate agencies totaling $1,202,209 in each year of the 2007-09 biennium. The Director's Office indicated that they wanted to increase the allocations to nonstate agencies by $176,025 in each fiscal year so the nonstate agencies would be receiving 10 percent of the total Title XX grant. Mr. Combs noted that it would be appropriate to use all the remaining unallocated Title XX funds to reduce General Fund support needed by a state agency that was currently receiving a Title XX allocation; for example, Mental Health and Development Services (MHDS) or DCFS could have their Title XX allocation increased, which would result in a reduction in General Fund need for those agencies.

Mr. Combs explained that when deciding how to allocate the funds, the Subcommittee should remember that they were one-time funds. If any portion of the funding was used to increase the allocation to nonstate agencies, staff would recommend the issuance of a letter of intent to the Director's Office directing the reduction of expenditures back to the level recommended in The Executive Budget for FY 2009 [$1,201,209] when the base budget was prepared for the 2009-11 biennium. Mr. Combs said because it was not ongoing money, the letter of intent would assure that any extra Title XX funds available next biennium would be allocated to nonstate agencies making only through a decision unit for the Subcommittee's consideration next session.

Mr. Combs continued and said that if all or a portion of the available Title XX funding was used to reduce General Fund appropriations for state agencies, he recommended including all the additional funding the first year of the biennium so that the budget for the second year of the biennium was whole in terms of the amount of General Fund needed in the second year of the biennium.

Mr. Combs said the next major issue was the administrative funding for the Prevention and Treatment of Problem Gambling Program [E225 and E325]. The program was created by Senate Bill No. 357 of the 73rd Legislative Session, which provided for a transfer of $2 for each slot machine subject to the quarterly slot license fee. However, the bill required that the transfer of the slot tax revenues expired by limitation on June 30, 2007. The Director's Office requested S.B. 453 (R1) to continue the transfer of the revenues from $2 of the fee to the Revolving Account for Problem Gambling.

Mr. Combs stated that when the Prevention and Treatment of Problem Gambling Program was first recommended in the budget last session, the program was to be funded with $100,000 in General Funds and $100,000 in donations. Senate Bill No. 357 of the 73rd Legislative Session was introduced, but passed so late in the session that, even though it provided administrative funds for the program, the $100,000 in General Funds was left in the budget.

Mr. Combs disclosed that in addition to the slot tax revenues, The Executive Budget included approximately $100,000 in General Funds in each fiscal year for administration of the program. Staff recommended that if the program was funded with the slot tax revenue, the administrative expenditures should also be funded with slot tax revenues. This would result in a reduction of $99,075 in FY 2008 and $98,702 in FY 2009 of General Fund support for the administration of the program.

Mr. Combs said what the Subcommittee needed to consider was the appropriate level of administrative expenditures for the program. The Governor recommended $142,902 in FY 2008 and $156,712 FY 2009 for administrative expenditures. It appeared that the administrative expenditures were overstated in The Executive Budget because personnel costs for existing positions were charged to the program twice, once in the base budget and again in a decision unit that was created. Staff made various revenue and expenditure adjustments in the base budget to ensure that all base budget expenditures were being funded with the appropriate funding source.

Mr. Combs stated that the adjustments made in the budget reduced the administrative expenditures, including a portion of the personnel costs, to $43,352 in FY 2008 and $46,657 in FY 2009. If the new social services program specialist position was approved as recommended by the Governor, the cost for the program would increase to $106,020 in FY 2008 and $123,135 in FY 2009, which was approximately 6.3 percent and 7.1 percent of the slot tax revenues projected in each fiscal year, respectively.

Mr. Combs said staff believed the Director's Office had not provided sufficient justification at this time for a full-time position for the program. The program was implemented during the 2005-07 biennium with existing Grants Management Unit staff, and although the existing staff could not continue to devote as much time to the program in the future, some support would continue. The program currently included 29 separate grantees, but the agency indicated that it would explore the possibility of using a third-party administrator to consolidate nine existing treatment grants into one grant allocation. Based on these considerations, the staff recommended funding of a half-time social services program specialist position with funds transferred from the Revolving Account for the Prevention and Treatment of Problem Gambling.

Mr. Combs explained that the Fiscal Division recommended approving the social services program specialist as a full-time position. The funding for the other half of the position would be discussed in the next major closing issue.

Mr. Combs said that staff recommended a reduction in the administrative expenditures to less than 5 percent of the Problem Gambling program revenues in each year of the 2007-09 biennium. Although the administrative expenditures were less than 5 percent, it appeared appropriate to set the limit on administrative expenditures at a level higher than 5 percent. A 10 percent administrative cap was included in S.B. 453 (R1), which re-created this program. The bill had been passed by the Senate and would be heard by the Committee on Ways and Means next week. Mr. Combs indicated that if the Subcommittee left the cap at 10 percent, it would allow for normal operating costs and inflationary increases for the program in the future.

Mr. Combs said the third major issue was the funding for the Family Resource Centers (FRC) to assist with child welfare cases. The Governor recommended ongoing General Fund appropriations totaling $602,733 in FY 2008 and $1,431,500 in FY 2009 to allow the state's FRCs to assist with child welfare cases that do not warrant investigative actions by child protection agencies. This would enable those agencies to better respond to more severe cases.

Mr. Combs stated that the reason for involving FRCs in Differential Response was based on the U.S. Department of Health and Human Services' Child and Family Services Review finding that Nevada was not in compliance with federal requirements for child protective services. As a result, a Steering Committee for the Expansion of FRCs through Differential Response was established in the fall of 2006. The Department included statewide implementation of Differential Response in its program improvement plan submitted to the U.S. Department of Health and Human Services and believed that the FRCs throughout Nevada were ideally situated to provide support in implementing Differential Response as an extension of the case management and referral systems. The recommended funding would enable FRC personnel to make home visits and perform safety, risk, and family assessments and work with families to obtain the level of service needed to increase their self-sufficiency and improve parenting skills to prevent child abuse or neglect. The Governor also recommended one-shot funds totaling $380,000 for the purchase of 20 new vehicles. The recommendation had been revised to include any infrastructure needs that the FRCs had to implement Differential Response, including information technology and modifications to facilities.

Mr. Combs said the agency indicated that the Governor's recommended funding for Differential Response would provide for the continuation of the 2 pilot sites and the addition of 4 new sites for 8 months in FY 2008 and the continuation of those 6 sites plus 12 new pilot sites in FY 2009. The office indicated that the phased approach was being used not to determine whether the expansion of the FRCs was the appropriate manner to address the situation but to determine the most effective manner to implement the expansions. The office indicated that starting slowly with only a few centers allowed the office to apply what it learned from experience with those centers to the remaining centers throughout the State.

Mr. Combs continued and said the Governor's proposed budget reductions included a proposal to reduce the funding for the FRC expansion by $193,733 in FY 2009 by delaying the implementation of the FRC expansion in five service areas. The office indicated that the Governor's proposed reduction would delay implementation in service areas that have a lower need for services and a lower capacity or interest for expanding their services. Mr. Combs said that based on the information provided by the Director's Office, the Governor's proposed budget reduction appeared reasonable.

Mr. Combs referred back to the first major closing issue and said that the ongoing unallocated Title XX funds totaling $328,406 in FY 2008 and $343,268 in FY 2009 could be used to offset the General Fund needed to fund the expansion of the FRCs as required pursuant to the Program Improvement Plan (PIP). Staff recommended allocating $300,000 in Title XX funds each year to enable FRCs to assist child welfare agencies. This allocation would reduce the General Fund required for this decision unit by $300,000 in each fiscal year.

Mr. Combs informed the Subcommittee that once Differential Response was implemented in all 18 service areas, the annual costs were expected to be approximately $1.7 million. The Executive Budget did not include any additional funding for administering the new program. It appeared the program would require significant staff time and effort to implement and insure the FRCs were provided with the support and training needed to successfully implement the expansion of their services. Mr. Combs stated that it appeared reasonable to approve the half-time social services program specialist position to assist the FRCs in their efforts to implement differential response. The Director's Office indicated that if a portion of the Title XX funds were used to operate the program, then the Title XX could also be used to fund the half-time position. Based on the additional workload that would be generated through the expansion of FRCs, staff recommended that one-half of the position that was recommended entirely for the gambling program be used to support Differential Response for child welfare cases.

Mr. Combs concluded with final major issue which was administrative costs for Healthy Nevada Funds Grants that were in excess of the statutory cap. It appeared from the fund map that administrative expenses were over the 3 percent cap by $13,000 in the second year of the 2007-09 biennium. When the Subcommittee closed the Healthy Nevada Fund account [BA 3261], a new accounting position was approved for that account, but the Subcommittee elected to fund the position with tobacco settlement funds rather than General Funds as recommended by the Governor. The cap for administrative expenditures for the Senior Rx and Disability Rx programs was set at 5 percent, so it would appear reasonable to increase the cap for the Department as a whole to 5 percent. It appeared that setting the cap at this level would ensure that the Legislature was not asked to increase the cap for normal increases in personnel and operating costs in the near future.

Mr. Combs said the other closing items included:

1. Adjustments to the Temporary Assistance for Needy Families (TANF) revenue which were being transferred into this account for the funding for the behavioral health redesign for children.
2. Budget amendment number 11 to E330 which increased the transfer of TANF funds by $649,529 for the training of child welfare staff. The Subcommittee voted to approve this transfer of funds to the Division of Child and Family Services (DCFS) when it closed the DCFS budget account, BA 3145.
3. Decision unit E275 which recommended General Funds totaling $18,756 in FY 2008 and $4,061 in FY 2009 for enhancements to the agency's software program for grants management. The funding would provide

for the purchase of a module that would allow accepting online grant applications and collecting evaluation and measurement data electronically. Expenditures for a software maintenance license agreement was inappropriately included in the budget and remaining costs were allocated across the account's funding sources. As adjusted, the recommendation appeared reasonable.

4. Decision unit E327 which recommended $13,926 each fiscal year from various funding sources to provide for additional Out-of-State Travel, In-State Travel, and staff training over the biennium. The Out-of State Travel funds were recommended to allow grant managers to attend national conferences regarding the grants they manage. The increased In-State Travel funds were based on Legislative Counsel Bureau (LCB) audit findings which recommended consistently conducting periodic site visits of grantees. The additional training funds were recommended for attendance by one staff to attend training for the offices' software program for managing grants. With slight adjustments, the recommendation appeared reasonable.
5. Decision unit E710 which recommended $2,000 in FY 2008 and $7,156 in FY 2009 for equipment replacement, appeared reasonable.

Mr. Combs concluded with the technical adjustments which included:

1. Authority for the Tobacco Cessation, Children's Health and Disability Heath Grants categories had been adjusted based on the grants approved by the Task Force for the Fund for a Healthy Nevada for FY 2008. For FY 2009 the expenditures had been adjusted to the amount anticipated to be available based on the April 2007 tobacco payment.
2. The grant revenue for the Community-Based Family Resource Grant for Children's Trust subgrants had been increased as a result of revised projections based on the most recent grant award.
3. The transfer from this account to fund the Director's Office cost allocation was increased based on adjustments recommended in that account.
4. Purchasing assessments and statewide cost allocation expenditures had been adjusted based on this account's required contribution to those assessments.

Mr. Combs said that the major issue the Subcommittee needed to resolve was the handling of the one-time Title XX funds totaling $1,658,111. The decision would be whether the Subcommittee wanted to approve the entire amount to reduce General Funds, or use a portion to increase the grants to nonstate agencies.

Chairwoman Leslie said that the Subcommittee needed to discuss Title XX and supported staff recommendation on the rest of the items, but she would take questions and comments from the rest of the Subcommittee.

Chairwoman Leslie stated that the Title XX issue concerned whether the Subcommittee should use some of the unallocated Title XX funding to get the nonprofit grants increased to 10 percent of the total grant award. That would mean an increase of $176,025 in each fiscal year and the issuance of a letter of intent regarding future budgets. Chairwoman Leslie would like to consider that option.

Chairwoman Leslie asked whether there were any other issues with this budget.

Assemblywoman Smith commented on the FRCs and said it was hard to support a reduction in funding for the FRC's, but knew it was for the new Differential Response program, and not for the normal operations of the FRC's. Because of that, she would support the recommendation.

Chairwoman Leslie said the Committee on Ways and Means passed a bill allotting some extra funding to help with FRC infrastructure needs.

SENATOR CEGAVSKE MOVED THE SUBCOMMITTEE CLOSE BA 3195 AS RECOMMENDED BY STAFF, ISSUE A LETTER OF INTENT REGARDING FUTURE BUDGETS, AND PROVIDE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

Mr. Combs said that this would reduce General Fund needs by approximately $1.3 million with the $176,025 each year going to the nonstate agencies. When a similar thing happened last session, the Subcommittee authorized staff to determine which budget account to apply the amount toward, and Mr. Combs would ask for such authority this session.

Chairwoman Leslie said it was included in the motion.

MOTION PASSED. (Senator Titus was not present for the vote.)

Chairwoman Leslie closed the hearing on BA 3195 and opened the hearing on BA 3208.

HEALTH AND HUMAN SERVICES
EARLY INTERVENTION SERVICES BA 3208
BUDGET PAGE HEALTH—93, VOLUME II

Laura Freed, Program Analyst, Fiscal Analysis Division, said this was the final Health Division budget. There were three major closing issues. The first issue was funding for caseload [M200]. The Governor recommended General Fund appropriations of $689,474 in fiscal year (FY) 2008 and $706,929 in FY 2009 to serve 79 additional children in FY 2008 and 81 additional children in FY 2009 by contracting with private sector or nonprofit sector organizations to provide early intervention therapies to children. Statewide, caseloads were rising. The Bureau had made significant progress in reducing the number of children that wait longer than the federally mandated 45 days for an Individualized Family Service Plan (IFSP). Because the number of children waiting longer than the 45 days had not reached zero yet, it was reasonable to fund private and nonprofit sector providers to expand the service capacity for early intervention therapies. Staff noted that the Health Division would not commit that this funding would eliminate the waiting lists for IFSPs or eligibility determinations. Ms. Freed asked whether the Subcommittee wanted to approve General Fund appropriations of $689,474 in FY 2008 and $706,929 in FY 2009 to provide services for additional children by contracting with private sector or nonprofit section organizations to provide early intervention therapies.

Ms. Freed said the second major closing issue was the Governor's suggested budget reduction in decision unit E251. There were originally 15.02 full-time equivalents (FTE) recommended at a cost of 630,889 in FY 2008 and $779,606 in FY 2009. However, as part of the budget reductions suggested by the Governor, this decision unit was now recommended for elimination. Staff concurred with the amended recommendation by the Governor.

Ms. Freed said the third major closing issue was a one-time General Fund appropriation recommended by the Governor in Senate Bill (S.B.) 458, which was amended to $363,805 and passed out of the Senate Finance Committee on May 8, 2007. To minimize the General Fund Maintenance of Effort in this budget account, staff recommended recording this funding in the Health Special Appropriations budget, BA 3225, if S.B. 458 was approved.

Ms. Freed said another closing item was decision unit E255, a recommended conversion of contract employees to State employees. The transition of these positions from contractors to State FTEs estimated to save the General Fund $140,796 in FY 2008 and $100,514 in FY 2009. This appeared reasonable to staff.

Ms. Freed concluded that staff requested approval to make final technical adjustments to the Health Division's administrative cost allocation based on the closing of this budget, plus the other Health Division budgets closed previously on April 17, May 2, and May 8, 2007.

Senator Mathews asked whether contract employees were used because it was less expensive.

Chairwoman Leslie said that there were some services these children need that contract employees provide.

Ms. Freed said that private providers could provide services for a child longer than the zero to two age range.

Chairwoman Leslie gave the options on BA 3208 that Ms. Freed had reviewed:

- The Governor's recommendation to add funding for caseload growth [M200].
- The Governor's suggested budget reduction [E251].
- The one-time General Fund appropriation that staff recommended.
- Other closing items of technical adjustments and E255.

SENATOR CEGAVSKE MOVED THAT THE SUBCOMMITTEE:

1. APPROVE M200 AS THE GOVERNOR RECOMMENDED.
2. APPROVE E251 AS THE GOVERNOR RECOMMENDED.
3. APPROVE THE ONE-TIME GENERAL FUND APPROPRIATION AND RECORDING THIS FUNDING IN A SEPARATE BUDGET ACCOUNT AS RECOMMENDED BY STAFF.
4. APPROVE E255 AS RECOMMENDED BY STAFF.
5. PROVIDE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Buckley was not present for the vote.)

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Chairwoman Leslie closed the hearing on BA 3208 and opened the hearing on BA 3158.

HEALTH AND HUMAN SERVICES
ADMINISTRATION BA 3158
HCF&P—1, VOLUME II

Steve Abba, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, said that there were three major closing issues. The first major closing issue was decision unit E252, which was a request for ten new positions to strengthen the Division's fiscal management structure. Mr. Abba provided the Subcommittee with a list of the Division's position priorities. The Division requested ten new positions which include:

- Four auditor positions.
- Three budget analyst positions.
- Two accountant positions.
- One grants and projects analyst position.

Mr. Abba started with the auditor positions and said the Division had requested four new auditor positions to address two problem areas, Medicare medical expenditures and administrative expenditures. The Division requested two positions each in those areas. In the medical expenditure area, the Division would like enhance its role in performing audits and reviewing cost-based rate setting issues. The Division also indicated a stronger audit presence would support its efforts to address Centers for Medicare and Medicaid Services (CMS) attempts to push states to adopt a formal Certified Public Expenditure (CPE) plan, which entails formal cost reporting, auditing, and settlement processes.

Mr. Abba said the other area was the administrative expenditure audits. The Division felt a stronger audit presence in this area was needed in light of the recent review of the administrative claiming procedures used by the Clark County School District which led to the suspension of the program and deferment of federal participations for certain claimed expenditures. Mr. Abba continued that the Division indicated it planned to actively participate in auditing and reviewing sister agencies to ensure their compliance with their certified plans.

Mr. Abba said that staff had reviewed the Division's request for four new audit positions and felt the Division had provided justification supporting the need to enhance its audit capabilities, but staff recommended a more pragmatic approach to addressing the recommendation. Staff recommended two of the four positions be approved at this time, one for the area of medical expenditures and one for the area of administrative expenditures. This would provide the Division a significant augmentation from its current capability and would allow the Division to build a needed presence in the medical and administrative expenditure areas over the interim.

Mr. Abba said the Division had requested three budget analysts, one budget analyst 2 position and two budget analyst 1 positions. In reviewing this request, staff compared other agencies within the Department. Based on the comparison, staff recommended approving one budget analyst 2 position and one budget analyst 1 position.

Mr. Abba said the Division had requested two accountant positions. Staff made comparisons to other agencies. The Division had an administrative services officer 3 position that oversaw a number of their accounting functions and one professional accountant and a number of technical staff. The comparison showed that the Division was lacking in professional accounting support. Staff recommended both the accounting positions be approved as recommended by the Governor.

Mr. Abba said the tenth position of the Division's request was the grants and projects analyst position. The Division had provided supporting justification and would like this position to be the expert on Title XIX issues within the agency. This position would be responsible for the various grants that come into the agency. Staff noted that having a single position acting as a resource specialist for one area was unusual and recommended that the grants and project analyst position not be approved.

Mr. Abba said the next major closing issue was E253, which recommended a social services chief position for the Compliance Unit. The intent of the new position was to provide administrative support to the chief of the unit. The position would also be responsible for issues related to rural health and Native Americans, provider support, and recipient support services. This position would allow the Division to create a third subunit within the Compliance Unit and reduce the supervisory control for the chief of the unit from five positions to three positions. Mr. Abba said that after reviewing the structure of the Department, it appeared that other program units within the agency had at least five direct reporting positions. Therefore, staff recommended that the new social services chief not be approved.

Mr. Abba said the third major closing issue was E279 which was for a new information services specialist (ISS) position. This position would be responsible for providing programming support for the Division's various databases. The Division had five production databases, one database in development and a number of Access databases which needed to be updated, standardized and placed in a production safe environment. This position would be responsible to complete the rewrite of the Check-Up database which was approximately eight years old. Staff felt the Division had provided sufficient justification to support the new ISS 3 position and recommended the position for approval.

Mr. Abba said the last major closing issue was E254 which was for seven new positions recommend for the Surveillance and Utilization Review (SUR). Staff recommended the Subcommittee not act on this decision unit at this time and addressed the Governor's proposal in the Medicaid budget where savings for this initiative were recommended.

Mr. Abba said that other closing items included:

- Decision unit E258 which provided additional training funds for fiscal staff to attend conferences.
- Decision unit E275 which provided additional travel for the information technology staff.
- Decision unit E814 which provided for a two-grade pay increase for nursing staff positions.
- Decision unit M501 which provided funding in the first year of the biennium for disaster recovery efforts.

Chairwoman Leslie said that she was going to hold the discussion on the Outreach and Marketing Program until Assemblywoman Buckley returns since she had asked for this information.

Chairwoman Leslie said that Mr. Abba and the Division had done a great job with the priorities for increasing staff. She agreed with all the staff recommendations.

> SENATOR CEGAVSKE MOVED THAT THE SUBCOMMITTEE APPROVE THE BUDGET AS STAFF RECOMMENDED AND PROVIDE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.
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> ASSEMBLYWOMAN SMITH SECONDED THE MOTION.
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> MOTION PASSED. (Assemblywoman Buckley was not present for the vote.)

Chairwoman Leslie closed the hearing on BA 3158 and opened the hearing on BA 3243.

HEALTH AND HUMAN SERVICES
NEVADA MEDICAID, TITLE IX BA 3243
HCF&P—12, VOLUME II

Steve Abba, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, said that BA 3243 had five major closing issues. He was going to take some time to review the latest Medicaid Payment Projections (MPP) in regard to decision units M101 and M200.

Mr. Abba said the MPP was used to project Medicaid expenditures, and it was used in adjusting Medicaid expenditures developed for The Executive Budget. The MPP was rerun late in the legislative session and took into consideration the most recent caseload projections, cost per eligible (CPE) data and mandatory inflation increases for pharmacy, managed care, and transportation services.

Mr. Abba said that at the April 19, 2007, work session, the Division presented the latest MPP which indicated Medicaid expenditures for mandatory rate increases and caseload were projected to decrease by approximately $53.6 million in decision units M101 and M200. Mr. Abba said that based on the projection, the Governor presented his agency-wide budget reduction plan which included a reduction of $53.6 million over the biennium in addition to reductions from a Federal Medicaid Assistance Percentages (FMAP) increase in the second year of the biennium. At the hearing the Division identified approximately $9.1 million in General Fund additions which were not included in The Executive Budget. Those additions reduced the net reduction based on MPP projections to $42.9 million. Those General Funds additions included the following items:

- $4.2 million for revised clawback estimates.
- $2.1 million to cover the reduction in the FMAP rate [from 75/25 to 50/50] for the cost of contracting for utilization management services for the proposed Care Management and Regional Care Coordination program.
- The additional cost to eliminate the General Fund savings of $2.8 million included as a budget savings measure recommended by the Governor for implementing the voluntary managed care program for the Medical Aid for the Aged, Blind and Disabled (MAABD) population.

Mr. Abba said that he would review the FMAP issue for the proposed Care Management and Regional Care Coordination program and the voluntary managed-care program later in this closing. Staff had reviewed the clawback estimate, and the revised estimates appeared reasonable.

Mr. Abba said that caseloads and CPE reductions were included in the latest MPP based on current trends in both areas. Mr. Abba gave the Subcommittee a chart that showed the caseload reductions that were now projected in all Medicaid recipients groups compared to the Governor's original budget recommendation. The chart showed that in fiscal year (FY) 2008 there was a caseload reduction of 6,135 recipients per month and for FY 2009 there was a caseload reduction of 9,531 recipients per month. Mr. Abba said the reductions appeared reasonable. The caseload reductions resulted in approximately $28.6 million of the $53.6 million decrease in General Fund need based upon the running of MPP.

Mr. Abba said the other component to the decrease in the General Fund based upon MPP was the CPE component. The CPE rate decreased for the major recipient groups in Medicaid based upon the lasted projection. The CPE rate for the MAABD population decreased by approximately $34 per eligible in FY 2008 and $24 per eligible in FY 2009. The decrease in the CPE rate for the MAABD population accounts for approximately $13.7 million of the $23.4 million reduction in General Fund due to the overall decrease in CPE rates. Mr. Abba said the decrease in CPE rates were hard for staff to understand.

Chairwoman Leslie said that BA 3243 had many complicated issues and asked about the decrease in the CPE. It seemed counterintuitive when medical costs were increasing everywhere but were dropping in this particular population. Chairwoman Leslie asked if the Subcommittee did not know what was going to happen, what was the basis for recommending a $34 reduction in FY 2008 and $24 reduction in FY 2009. She wondered how the numbers were determined.

Mr. Abba said the estimates were based on trend information gathered by the Division and was blended with the MAABD population to arrive at a single CPE rate.

Chairwoman Leslie asked whether inflation was built in.

Mr. Abba said that it was not built into this component but was based upon caseload.

In answer to a question from Chairwoman Leslie, Mr. Abba said there was a formula that was used in the CPE rate.

Mr. Abba said the last part of running the MPP was the mandatory rate and inflation increases. At the March 7, 2007, hearing, the Division reported the HMO inflation rates were overstated in the Governor's budget based on medical inflation trends. There were also miscalculations in applying the recommended inflation adjustments for pharmacy and transportation services. The adjustments for mandatory rate and inflation increase had been incorporated into the MPP and were a component of the overall reduction in Medicaid expenditures.

Mr. Abba gave the Subcommittee a chart which represented the mandatory inflation rate increases recommended by the Governor for HMOs, transportation services, and pharmacy compared to the revised inflation rates that had been included in the MPP. Mr. Abba said the HMO and transportation inflation rates were reviewed by an actuary, and pharmacy inflation rates were adopted from a national pharmacy benefits manager.

Mr. Abba said the Subcommittee would have to make a determination in regards to the latest MPP and decision units M101 and M200. Staff concurs with the revised caseload projections that were used in the latest MPP and believed they were reasonable. Staff also recommended the approval of the revised mandatory rate and inflation increases which were previously approved in the Check-Up budget. Staff remained concerned with the decrease in the overall CPE rate especially for the MAABD population; staff did not have a suggestion that could logically be applied to adjust the CPE rate upward which would increase Medicaid expenditures. The decrease in the CPE rate for the MAABD population reduced the General Fund expenditures.

Mr. Abba said staff believed the clawback calculations were accurate and if the latest MPP projections were adopted, staff would recommend the revised clawback calculation be approved which would increase General Fund expenditures by approximately $4.2 million over the 2007-09 biennium.

SENATOR CEGAVSKE MOVED THE SUBCOMMITTEE:

1. APPROVE AS STAFF RECOMMENDED ACCEPTING THE LATEST MPP PROJECTION WHICH REDUCED MEDICAID EXPENDITURES IN DECISION UNIT IN M101 AND M200.
2. APPROVE THE REVISED CLAWBACK CALCULATIONS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Buckley was not present for the vote.)

Mr. Abba said there was new information since the last budget hearing. The Subcommittee, in closing the Senior Services Program within the Division of Aging Services, eliminated 73 community home-based initiative (CHIP) waiver slots, 34 waiver slots for elderly in adult residential care (WEARC), and 29 assisted-living slots. The General Fund match for these three waiver programs was located in the Medicaid budget. The General Fund savings for eliminating these waiver slots was $841,913 in FY 2008 and $905,131 in FY 2009, or $1,747,044 over the 2007-09 biennium.

Mr. Abba stated that the Subcommittee approved the Governor's recommendation to convert private ICF/MR beds at Desert Regional Center to community placements. The General Fund match for the ICF/MR beds expenditures was located in the Medicaid budget; however, the Governor's budget did not eliminate the match as part of the conversion. The General Fund savings was $591,172 in FY 2008 and $981,503 in FY 2009, or $1,572,675 over the 2007-09 biennium.

Mr. Abba said in deliberating whether to reduce General Funds in the Medicaid budget for the elimination of waiver slots and ICF/MR beds, staff suggested the Subcommittee consider retaining the General Fund in the Medicaid budget as a contingency which totaled $3.3 million. This could be held in reserve as a contingency if the CPE levels or the Medicaid caseload increase. Mr. Abba said that staff recommended establishing a special contingency category in the Medicaid budget and that a letter of intent be issued to the Division that Interim

Finance Committee (IFC) approval was required prior to moving any funding from the contingency category.

Chairwoman Leslie said this was a prudent recommendation and talked to staff in the briefing with Senator Cegavske about how to monitor this and was told staff monitored on a quarterly basis and would report the to Subcommittee through IFC if something dramatic happened. Chairwoman Leslie thought it was a good idea to put these saving in a contingency account and issue the letter of intent.

SENATOR CEGAVSKE MOVED THAT THE SUBCOMMITTEE:

1. RETAIN THE GENERAL FUNDS IN THE MEDICAID BUDGET AS A CONTINGENCY IF THE LATEST MPP PROJECTIONS UNDERSTATE EXPENDITURES.
2. ISSUE A LETTER OF INTENT TO THE DIVISION THAT IFC APPROVAL WAS REQUIRED PRIOR TO MOVING ANY FUNDING FROM THE CONTINGENCY CATEGORY.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

MOTION PASSED UNANIMOUSLY.

Chairwoman Leslie said the next issue was very complicated, and Mr. Abba had a great chart (Exhibit C) which would help if followed closely.

Mr. Abba provided background information to discuss the chart. The second major closing issue involved discretionary rate increases [E425] that were recommended by the Governor for physician and other medical professionals. The Governor originally recommended the budget include $57.6 million for the 2007-09 biennium, $27.7 million in General Fund for discretionary rate increases for fee-for-service (FFS) reimbursement for physician and medical professionals effective October 2007.

Mr. Abba said that currently, physicians and medical professionals were reimbursed based on a Medicare 2002 fee schedule. The Governor's recommendation was to use the 2007 Medicare fee schedule and pay physician providers and other medical professionals at 100 percent of the rate.

Mr. Abba stated that since the original Governor's budget, there had been a number of proposals to move the implementation timeframe for the physician rate increase. Staff had been formally notified that in finalizing the latest MPP, state match to cover disproportionate share (DSH) payment was understated by $9.6 million over the 2007-09 biennium, and General Funds in that amount were needed to correct the shortfall. Mr. Abba said administration proposed to cover the General fund shortfall by delaying the discretionary rate increase for physicians and other medical professionals until August 2008. The recommendation also proposed to pay the physicians and medical professionals using the 2007 Medicare fee schedule and pay those groups at 100 percent of the schedule. There were several different codes that were included in the Medicare fee schedule. The Division reimburses evaluation and management (E & M) and medicine codes at 85 percent of the 2002 Medicare fee schedule; surgery and radiology codes at 100 percent of the fee schedule; and obstetrics (OB) services at 128 percent of the fee schedule. Mr. Abba said that

Nevada using the old 2002 Medicare fee schedule was one of the higher paying states in terms of the percent of pay based on the Medicare fee schedule.

Mr. Abba recalled that at previous meetings, the Subcommittee expressed concern that going to 100 percent of the fee schedule would be significant and asked staff to work with the Division to provide some alternatives.

Mr. Abba referred to Exhibit C and stated the first box on the chart reflected the Governor's original recommendation (G01) included in The Executive Budget. This recommendation was to use the 2007 Medicare fee schedule and pay all physician groups at 100 percent.

Mr. Abba said the second box on the chart reflected the Governor's amended recommendation (G01) which delayed the implementation to August 2008.

Mr. Abba said that amended G01 showed a column titled HMO. The physician rate increases for FFS providers would have an impact on HMO rates. This impact was not built into the original budget. The reason there was an impact was because HMOs pay a capitated rate and a significant portion of the capitated rates were related to physician services. The effect of the FFS rate increase was not factored into the HMO; therefore, the latest revisions to the proposed reimbursement increase for physicians now include the impact those FFS rate increases would have on HMOs.

Mr. Abba clarified that under the amended G01 box, it showed the projected amount of savings of $8,051,868 that would be realized through the delay. There was additional savings because of MPP that made up the additional $1.6 million to provide for the total savings needed for the shortfall in state match because of the DSH issue.

Mr. Abba referred to Exhibit C and stated that there were three scenarios that staff was offering for the Subcommittees consideration. He reminded the Subcommittee the percent the Division was currently paying of the 2002 Medicare fee schedule. The three scenarios retained radiology and surgery at the 100 percent payment level of the 2007 Medicare fee schedule and OB at 100 percent and proposed reducing the reimbursement percent for the E&M and medicine codes to something less than 100 percent.

Mr. Abba said that the different scenarios proposed included:

1. Scenario number one: to reduce the rate of reimbursement for E&M and medicine codes to 95 percent.
2. Scenario number two: to reduce the rate of reimbursement for E&M and medicine codes to 90 percent.
3. Scenario number three: to reduce the rate of reimbursement for E&M and medicine codes to 85 percent.

Mr. Abba said that under each of the scenario boxes the General Fund savings were compared to the original G01 and the amended G01.

Mr. Abba referred to the bottom of Exhibit C and the chart which showed the major service categories that were reimbursed via the Medicare fee schedule. Mr. Abba explained which amounts would change for the different services. The E&M services would change in each scenario because staff recommended paying less than 100 percent reimbursement.

Mr. Abba said that the target for this rate reimbursement was for E&M and medicine codes, and with the proposed scenarios, there were significant payment increases in those areas.

Mr. Abba referred to obstetrics on the bottom table on Exhibit C and said that OBs was currently paid at 128 percent of the 2002 Medicare fee schedule. The Governor's recommendation was to pay OB services at 100 percent using the 2007 Medicare fee schedule. This would cause a decrease in reimbursement for those code areas. Analyses to indicate how much of the OB services would be charged to E&M and medicine codes, where they would realize an increase, had not been completed. There would be increases in reimbursement in those areas because OB services charge to those codes.

Mr. Abba said that staff recommendation was to select either scenario two or scenario three and staffs priority order would be scenario three which would retain surgery, radiology, and OB at 100 percent of the 2007 Medicare fee schedule and reimburse E&M and medicine codes at 85 percent. The second choice from staff would be scenario two which increased the 85 percent reimbursement rate to 90 percent.

Chairwoman Leslie gave a short recap of the information Mr. Abba presented and the options from Exhibit C. Chairwoman Leslie said that BA 3243 received new fiscal staff and hoped the delay would give the agency time to determine that no one was being harmed, the obstetricians in particular. Chairwoman Leslie said the obstetricians in the scenarios appeared to be losing payments, but the real bulk of the increase was in the E&M and medicine codes, which were codes that obstetricians used for office visits. Chairwoman Leslie asked whether the obstetricians would come out ahead if they were able to recoup some of the rate increases through E&M.

Charles Duarte, Administrator, Division of Health Care Financing and Policy, said the Division did an estimate on the impact overall on the specialty of Obstetrics. Mr. Duarte referred to the bottom chart on Exhibit C and said it broke physician services into a variety of codes. Obstetricians and other physicians sometimes provide services in each of those codes sets. In reviewing the specialty of OB, it seems that the net loss across the State would be approximately $800,000 as opposed to $1.8 million which was a rough estimate, but the Division would continue to look at the impact.

Chairwoman Leslie asked if scenario three were adopted, would it impact doctors taking the Medicaid patients. She said this would be a concern for the Subcommittee.

Mr. Duarte answered that scenario three was still a significant increase in the estimated amount of additional money expended as a result of moving from the 2002 Medicare fee schedule to the 2007. Mr. Duarte's preference was for a higher scenario than three but thought it would be welcome by physicians who concentrated their services in the office.

Chairwoman Leslie said those physicians would benefit the most because the bulk of the rate increase was in the evaluation category.

Senator Cegavske said she was concerned about the doctors who were putting out extra efforts to help the patients, and the low reimbursement rate had become a hardship financially for them. She felt that scenario three was too low and preferred amended G01. Senator Cegavske said the doctors had waited long to be reimbursed at 100 percent, and the time it takes to be reimbursed was too long. Senator Cegavske said she could not support scenario three and would prefer amended G01. There were physicians in the State that were not going to be accepting these patients because they could not afford it.

Mr. Duarte addressed the issue of the timely payments to the doctors and said this issue had been resolved. The use of electronic billing had greatly enhanced the doctor's ability to bill and the Division's ability to pay in a timely manner. It currently takes about 14 days from the receipt of a claim to the adjudication of payment.

Senator Cegavske said that the physician deserved to be paid 100 percent, but the problem was part of the funding issue and she felt 85 percent was just too low.

Chairwoman Leslie asked whether any state paid 100 percent.

Mr. Duarte said that there were states that paid close to 100 percent of Medicare, but he was not sure whether the studies was done on the current fee schedule. The latest study he had seen was based on 2004 data, when Nevada ranked fourth in the nation in terms of the aggregate level of reimbursement to physicians.

Chairwoman Leslie stated that Nevada paid higher than most states.

Assemblywoman Buckley was concerned about the obstetricians and had been talking to an obstetrician who was now just a gynecologist. He told Assemblywoman Buckley that he did not need a fee increase, but the hardship was the paperwork and dealing with the HMO. It was a headache dealing with the system, and letting the doctor's bill Medicaid would eliminate the bureaucracy. Assemblywoman Buckley asked whether there was any relief to be given to the obstetricians with regard to having to be part of the HMO. The second question was if there were a rate increase, how would the Division make sure the money was received by the doctors instead of going to the bureaucracy.

Mr. Duarte answered the first question regarding carving out obstetrical care from the managed-care program and said there was not an access problem with obstetrics in the HMO program. The bulk of the births occur through managed care, and there was not an access problem. There was a good network of physicians serving those patients. The physicians that provide obstetrical care to the FFS population were primarily in the rural communities. Mr. Duarte said it would be his recommendation not to carve out the obstetrical care. The other issue associated with carve out was a matter of the complexity in dealing with managed-care contracts.

Mr. Duarte said the Division could review the impact and make sure that obstetricians do not see a reduction in overall revenue.

Assemblywoman Buckley asked how that would work and who was getting the increase.

Mr. Duarte answered that the actuary accessed their administrative and medical ratios as a way to monitor the payments to the HMO. There was the component of the Division's payment that goes to medical services and administrative services.

Chairwoman Leslie said the amended G01 would take effect in August 2008, and the Subcommittee could issue a letter of intent to the Division to make sure that the obstetricians were held harmless with whichever scenario the Subcommittee chose.

Mr. Duarte said he would be glad to monitor the result and report back to Interim Finance Committee (IFC). He noted the Division was planning to hold workshops with physician groups prior to implementation of the state plan change.

Assemblywoman Buckley commented that the Subcommittee was potentially approving rate increases but were talking about a hold-harmless. She questioned why there was no rate increase for the obstetricians.

Chairwoman Leslie said that before the obstetricians were being paid at 128 percent, the Governor recommended that it be reduced to 100 percent of the new schedule.

Mr. Duarte clarified that the obstetricians were being paid at 128 percent of 2002 Medicare fee schedule. By paying them at 100 percent at the 2007 Medicare fee schedule, physicians were seeing the benefit of increases over the years of the Medicare fee schedules associated with that code set. However, that code set would lower the reimbursement for obstetrical services. Mr. Duarte said this affected not only obstetricians but also family practice physicians who deliver babies. The Division could consider other alternatives if the Subcommittee wanted and bring the information to IFC.

Chairwoman Leslie questioned how much would be made up in the evaluation. She referred to the chart and scenario three and noted evaluation and management was $21 million of the potential $26 million that the Subcommittee would be approving.

Mr. Duarte said the HMO impact was calculated separately and if a change was made in the fee schedule in the FFS program, it would most likely pass the reimbursement levels to the physician.

Assemblywoman Gansert said her concern was when a physician group contracted with a HMO, it was for a certain period of time. How do you make sure reimbursement adjustments were passed through in a timely manner?

Mr. Duarte answered that the Division did not dictate payment levels to the HMOs; however, Anthem Blue Cross and Blue Shield (Anthem BCBS), a current contractor, as well as Sierra Health Services, pay the current Medicaid rates, and Sierra Health Services adopted the Division's fee schedule after it was approved in 2002.

Senator Raggio stated that he had been interested in this a long time and had talked to a physician who no longer took Medicare or Medicaid patients because of late payments, low payments, and bureaucracy. He noted that there were other specialties just as critical as obstetricians, and his concern was that whatever the Subcommittee agreed on was adequate to ensure access for all kinds of care and that doctors were compensated in a fair manner.

Chairwoman Leslie asked when the Division was going to renegotiate with the HMOs.

Mr. Duarte answered that there was a two-year contract with HMOs that started in November 2006, but rates were renegotiated on a fiscal year basis. The Division had to get rates developed and approved by the Centers for Medicare and Medicaid Services (CMMS).

Senator Cegavske asked how much the HMO keeps of the Medicaid monies.

Mr. Duarte answered that of the overall capitated payment, HMOs were able to keep 15 percent. The Division set the HMO rates based on an evaluation of their costs, and the overall administrative costs allowed was approximately 15 percent. If the administrative costs increase and the medical costs decrease, the Division makes an adjustment prospectively, not retrospectively. Mr. Duarte said that of that 15 percent, profit constituted a very small portion.

Senator Cegavske asked whether the Division kept a portion of the monies and did it pass through the Division while working with the HMOs and Medicaid.

Mr. Duarte said it was just part of the budget. The capitated payments to the HMOs were just budgeted.

Senator Cegavske asked whether the agency received any of the Medicaid funding.

Mr. Duarte answered only to pay for services rendered by the HMO.

Assemblywoman Buckley asked whether the HMO physicians who were required to participate were from Clark County.

Mr. Duarte answered no there were two HMOs present in the Washoe area who serve urban Washoe County, but the rural areas were FFS.

Chairwoman Leslie asked for a decision from the Subcommittee on this decision unit [E425] and said Senator Raggio had made a good point.

Assemblywoman Buckley stated that the rates needed to be improved, but worried whether the rate increases would be passed on to the physicians. As much as she would like to do something to carve out Medicaid or look at the expiration of the contracts, she was afraid of the time it would take. Assemblywoman Buckley suggested scenario three, a hold-harmless, and a report back on how to ensure the physicians were benefiting.

Chairwoman Leslie said that she agreed and noted that the Division was going to be holding hearings with the physicians.

Senator Cegavske said she was not supportive of scenario three at 85 percent and having a hard time with supporting scenario two at 90 percent.

Chairwoman Leslie questioned the Subcommittee to see which scenario would pass.

Senator Titus thought scenario two was a good compromise.

Assemblywoman Buckley said she would support scenario two as a compromise but include the hold-harmless as part of the motion.

Mr. Abba suggested that the Subcommittee issue a letter of intent that the Division develop scenarios based upon its hearings and further analysis, to develop hold harmless not just for obstetrics but possible other areas, and report back to the IFC either prior or right after implementing the rate increase based on the information received.

SENATOR CEGAVSKE MOVED THAT THE SUBCOMMITTEE:

1. APPROVE DELAYING THE DISCRETIONARY RATE INCREASE FOR PHYSICIAN AND OTHER MEDICAL PROFESSIONALS UNTIL AUGUST 2008.
2. APPROVE SCENARIO TWO WHICH WAS THE 90 PERCENT DISCRETIONARY RATE INCREASE.
3. PROVIDE A LETTER OF INTENT.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

Assemblywoman Gansert disclosed that her husband was a physician at Renown Medical Center, and she would not be affected any more than any other physician family.

MOTION PASSED UNANIMOUSLY.

Mr. Abba said next was major closing issue three, which were new initiatives recommended by the Governor to promote savings in the Medicaid budget. There were six new enhancements:

1. E251, the Medicaid Estate Recovery (MER) program.
2. E254, the Surveillance Utilization Review (SUR) program.
3. E277, the addition of a clinical claims editor system.
4. E400, MAABD population.
5. E402, care management and care coordination.
6. E403, dental benefits for pregnant women.

Mr. Abba said that originally the Governor's recommendation for these programs were estimated to have a net General Fund savings of approximately $8.4 million over the 2007-09 biennium. Since its submittal, the Governor has requested modifications that would reduce the amount of General Fund savings from $8.4 million to $3.82 million.

Mr. Abba explained that the first initiative was the MER which recommended five new administrative assistant positions to increase the staffing component within the MER unit. This would allow the Division to address backlogs of cases that were out of compliance. If this decision unit was approved, the Division anticipated an additional saving would be realized. Staff reviewed the documentation, and the assumptions the Division had used were appropriate. If approved, staff recommended the Division develop real-time reporting mechanisms to monitor whether the more aggressive MER efforts were generating the anticipated savings or at least an amount of saving that offset the additional administrative costs for the new staff and to determine whether cases that were required to be reviewed were actually reviewed on a timely basis.

Mr. Abba said the second initiative [E251] was SUR, and the proposal was to add seven new positions. The original recommendation was for five management analysts and two auditors. The new positions were recommended to improve the Division's ability to detect fraudulent and abusive billing practices in the Medicaid and Check-Up programs. The Division's proposal was based upon reviewing other states.

Mr. Abba stated the net General Fund savings projected as a result of providing enhanced detection efforts was $532,000 over the 2007-09 biennium. Staff recommended that, if approved, the Division develop real-time reporting mechanisms to monitor and track whether the more aggressive employed by the SUR program generate net savings or experience cost avoidance. Additionally, if approved, the Division requested that the staffing component, which included two new auditor positions, be replaced with two health care coordinator positions to provide clinical expertise.

Mr. Abba said the third initiative [E277] was the clinical claims editor software system used in conjunction with the Maintenance Management Information System (MMIS). The Division anticipated that savings realized as a result of the system's implementation would exceed the licensing and support costs of the system. <u>The Executive Budget</u> included a net saving over the 2007-09 biennium of approximately $510,000.

Mr. Abba reported that staff believed the additional software packages were supportable.

Mr. Abba said the fourth initiative [E400] was to start a voluntary managed-care program for the aged, blind, and disabled (ABD) population.

Mr. Abba asked the Subcommittee to recall that the Division had a very aggressive time schedule to implement this program. This was a pilot program to enroll up to 5,000 ABD Medicaid recipients. Since the last hearing, the Division received information that the networks the Division had been discussing the pilot program with would not have the available resources to start the program until the second year of the biennium. Therefore, the savings anticipated from reduced costs were not going to be realized.

Mr. Abba said that if the Subcommittee allowed the Division to proceed with the implementation of the voluntary managed care program for the ABD population, there were contract costs that would have to be funded in the second year of the biennium. The contract costs were for the actuary to develop rates for the ABD population and for the readiness-review contract. The cost for those two contracts was $265,352, including $118,426 of General Funds for FY 2009.

Mr. Abba said the fifth initiative [E402] was the care management and care coordination program which was the Division's effort to retain a utilization review contractor to identify high-risk and high- cost recipients for an estimated 4,000 recipients not enrolled in managed care. The Division originally projected savings of $3.5 million over the 2007-09 biennium, but determined that the assumption that utilization review services were eligible for a federal match rate of 75 percent was incorrect, and the actual federal match rate was 50 percent; therefore, the savings had been reduced to approximately $1.4 million.

Mr. Abba said that staff reviewed the assumptions the Division used to arrive at the saving estimates and they appeared reasonable.

Mr. Abba said the sixth initiative [E403] was to provide dental benefits for pregnant women over the age of 21. The Division's proposal was to provide basic services to reduce the number of low-birth-weight babies. The proposal assumed a net General Fund saving of approximately $660,000 over the 2007-09 biennium.

Mr. Abba said that staff reviewed the assumptions and suggested that if the Subcommittee wanted to approve E403, that it hard fund these services rather than funding them with budget savings. Therefore, if the Subcommittee approved funding this initiative with hard funding, the total General Fund cost would be approximately $695,119 for FY 2008 and $723,559 in FY 2009.

Chairwoman Leslie reviewed that staff recommended approval of E251, E254, E277, E400, and E402, but with E403, staff was not sure the savings were achievable. Chairwoman Leslie said the frustrating part was that the savings were already built into the budget, so if the Subcommittee did not accept these initiatives, money had to be added. Therefore, if E403 was not accepted, General Funds of approximately $700,000 would have to be added back.

Senator Cegavske thought there was not a good choice on E403, but agreed with the first five initiatives.

Chairwoman Leslie asked if E403 was not accepted, the $700,000 would have to be put back into General Funds, but if E403 was accepted, staff suggested that $695,119 and $723,559 be added in FY 2008 and FY 2009, respectively.

Mr. Abba answered that he saw three options for the Subcommittee and they included:

1. Approve the Governor's recommendation to fund E403, which staff had concerns with.
2. Not approve E403, but the savings built into the budget would have to be backfilled with federal and state funding to make the budget whole.
3. Approve E403, but hard fund the total cost which he had stated earlier.

In response to a question from Chairwoman Leslie, Mr. Abba explained option two which involved replacing an estimated $660,000 in savings in the budget.

Assemblywoman Buckley said she had concerns that the initiatives were not realistic and did not think the initiatives would save the money they were designed to. Assemblywoman Buckley said it was very difficult to approve the first five initiatives when the savings were built into budget, because she did not think the savings would be realized.

Chairwoman Leslie said she was more convinced of the savings with the first initiative, but got less-convinced as she progressed from the second initiative to the fifth. E403 was very hypothetical.

Mr. Duarte stated that the Division would not have presented recommendations if they did not think the initiatives were achievable and did not mind being held accountable. Mr. Duarte said while there were some hypothetical assumptions regarding the savings potentials, the science was real.

Chairwoman Leslie reviewed that Mr. Duarte recommended approving what the Governor recommended, but staff recommended that the Subcommittee approve extra money to be sure.

Assemblywoman Buckley said she had a concern about approving the five initiatives while leaving E403 out, so she would be willing to support the Governor's recommendation.

Senator Cegavske asked if the Subcommittee approved as the Governor recommended, what would happen.

Chairwoman Leslie clarified and asked how deep the "hole" would be if the Subcommittee accepted the Governor's recommendation for E403, accepted the savings, and the savings did not materialize.

Mr. Abba answered that if there were no savings realized, the "hole" would be $695,119 for FY 2008 and $723,559 in FY 2009 in the General Fund. The Division would have to realize additional savings in the other areas to make up the savings, or caseloads and expenditures would have to decrease.

Chairwoman Leslie said that BA 3243 was large, and there were other ways to recoup the money. Chairwoman Leslie asked Mr. Duarte whether there would be a problem with the letter of intent that staff asked the Subcommittee to require for real-time reporting mechanisms.

Mr. Duarte said he thought the recommendation was for real-time reporting on MER and SUR, and the Division would not have a problem in developing those reports.

Chairwoman Leslie asked about documenting the savings in all the initiatives including E403.

Mr. Duarte replied that documented savings associated with most of the initiatives were achievable; some were based on estimates associated with cost-avoidance.

Chairwoman Leslie wanted to discuss E403.

Mr. Duarte said this initiative was more difficult. You were talking about avoiding an expense.

Chairwoman Leslie asked where the number in the Governor's budget for the savings came from.

Mr. Duarte answered that the amount was developed based on dental studies that were done nationwide.

Chairwoman Leslie said that common sense said the findings were true, but how was the Division going to report back to the Subcommittee that the savings were achieved.

Mr. Duarte said the Division could continue to report on the numbers of low-birth-weight babies, but he reminded the Subcommittee that those figures would have to be balanced against caseload increases and increases in pregnancies and deliveries. A large number of the low-birth-weight babies were associated with emergency deliveries.

Senator Cegavske said she was struggling with her decision. There were hypothetical numbers and hypothetical people. Would the Division be able to report to IFC each quarter?

Mr. Duarte said that a reduction could be shown in the prevalence of low-birth-weight babies; however, he could not correlate that to good dental care.

Senator Cegavske interjected that if Mr. Duarte could not do that but had received recommendations from national surveys, how were those surveys developing the documentation?

Mr. Duarte said that the studies went back historically and reviewed medical records of patients who did and did not receive proper periodontal care. So by doing those historical researches of medical records, the researchers were able to correlate a cause and effect. Mr. Duarte said that he did not have the staff or research money to review that information, so he could not prove the information.

Senator Cegavske said this was a no-win situation, but preferred the second option that Mr. Abba presented.

Chairwoman Leslie clarified that this option was to not approve E403, but eliminate the savings from the budget.

Assemblywoman Buckley agreed with Senator Cegavske and wondered on big items whether the Division could come to the IFC meeting before session. Assemblywoman Buckley thought the Subcommittee should accept the Governor's recommendation on all six initiatives.

Senator Raggio said the Division was asked to find some cost-savings measures and had responded as adequately as possible, so he was prepared to support the Division's recommendation.

> ASSEMBLYWOMAN BUCKLEY MOVED THAT THE SUBCOMMITTEE APPROVE E251, E254, E277, E400, E402, AND E403 AS RECOMMENDED BY THE GOVERNOR AND ISSUE A LETTER OF INTENT.
>
> ASSEMBLYMAN DENIS SECONDED THE MOTION.
>
> MOTION PASSED. (Assemblywoman Gansert was not present for the vote.)

Chairwoman Leslie noted the family planning waiver where the federal funding paid 90 percent and Nevada paid 10 percent. She felt that was a cost-savings initiative, providing Medicaid women with family planning services to avoid unwanted pregnancies. Chairwoman Leslie asked Mr. Duarte if the Subcommittee issued the Division a letter of intent asking to pursue that waiver, would that be a way to get a cost-saving initiative into the budget for next time.

Mr. Duarte questioned whether Chairwoman Leslie was referring to the next biennium.

Chairwoman Leslie said she would like to see that waiver in place as soon as possible and ask whether there was a way to review the waiver and bring it to IFC. Chairwoman Leslie had already discussed this with Senator Cegavske. Chairwoman Leslie stated that she and Senator Townsend had gone to the Governor's office to discuss this initiative, and he seemed interested. Chairwoman Leslie asked what would be the best way to get that cost-savings initiative started.

Mr. Duarte explained that this was a federal waiver and had no assurance that it would be approved, but there would be cost-savings. The Division had worked with the Guttmacher Institute which had done a lot of research on the family planning waivers and estimated caseloads and schedules based on the institute's data. The Guttmacher Institute estimated savings in the third year, so there would be expenditures in the first and second year. There were start-up costs associated with federal waivers.

Chairwoman Leslie thought this was a good deal if the federal portion was 90 percent.

Mr. Duarte said that currently the Division received about $4 to $5 million each year in federal reimbursement for family planning savings.

Chairwoman Leslie asked how the family planning waiver could be started in the interim, could the Division have savings in another area, return, and propose the start-up costs.

Mr. Duarte answered yes, that the Division could return to IFC for the start-up costs and cost of contractors.

Chairwoman Leslie asked how the Subcommittee felt about a letter of intent.

SENATOR CEGAVSKE MOVED THAT THE SUBCOMMITTEE ISSUE A LETTER OF INTENT THAT THE DIVISION PURSUE THE FAMILY PLANNING WAIVER.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Gansert was not present for the vote.)

Mr. Abba said that the fourth major closing issue was E404 which were new initiatives that expand coverage and services. The first initiative was to eliminate the unearned income limit for the Health Insurance for Work Advancement (HIWA) program. This initiative was built into the budget to enhance enrollment into HIWA. Staff reviewed the enrollment projections and costs from the Division and agreed that the costs appeared reasonable.

The second initiative [E408] was the Traumatic Brain Injury (TBI) program. The Governor recommended $2.1 million in FY 2009 to establish a package of services in the physically disabled waiver program to provide TBI clients over the age of 22. These services included residential habilitation and behavioral adult daycare services, and were recommended for 45 slots over the biennium. Staff reviewed the enrollment projections and cost for services and agreed that the costs and caseloads appeared reasonable.

Mr. Abba concluded with the last major closing issue which was eight new positions [E255, E275, E410, and E435] in the Medicaid budget. Staff worked with the Division on this proposal. The positions included:

- One health care coordinator 4 position; staff recommended approval.
- One information systems specialist 3 position; staff recommended approval.
- One social services chief and four health care coordinator positions; staff recommended three of the five positions be approved. The three positions were a social services chief and two health coordinator positions.
- One social services program specialist position; staff did not recommend approval.

Mr. Abba said that another closing item was E252, and staff supported the training decision module with the exception of one component. The Executive Budget had $37,888 built into this training module for payment of continuing education units (CEUs) for the Division's licensed professionals. State agencies were not funded to pay CEUs. Staff recommended that this portion of the training module [E252] be eliminated.

Mr. Abba said that last closing items were E255, E405, and E814, and they appeared reasonable to staff.

ASSEMBLYWOMAN BUCKLEY MOVED THAT THE SUBCOMMITTEE APPROVE AS STAFF RECOMMENDED AND GIVE STAFF THE ABILITY TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Gansert was not present for the vote.)

Chairwoman Leslie closed the hearing on BA 3243 and opened the hearing on BA 3147.

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YOUTH ALTERNATIVE PLACEMENT BA 3147
BUDGET PAGE DCFS—86, VOLUME II

Rex Goodman, Program Analyst, Fiscal Analysis Division, said there were no major closing issues. Decision unit E125 recommended continuing to support operating expenses at the China Springs Youth Camp and Aurora Pines Girls Facility at the same level as funded by the 2005 Legislature. Among items not in The Executive Budget, Mr. Goodman noted that Senate Bill (S.B.) 249 was introduced to revise the funding formula for the regional detention facilities and change the funding for the Spring Mountain Youth Camp in Clark County.

Mr. Goodman said the next item was not included in the Governor's budget but was heard on February 19, 2007. The issue concerned additional funding for salary increases and utility inflation costs for the China Spring Youth Camp and Aurora Pines Girls Facility in the amounts of $222,949 in fiscal year (FY) 2008 and $277,103 in FY 2009. The State would fund the increases at the historical ratio of 36.8 percent [$82,045 in FY 2008 and $101,974 in FY 2009].

Mr. Goodman said that staff was asked to provide information from Clark County regarding projected increased costs at the Spring Mountain Youth Camp. Staff provided the following options:

A. Approve additional funding of the entire amount of the annual increase at a cost of $462,293 each year.
B. Approve a portion of the requested annual increase based upon the percentage increase of the FY 2007 budget that was funded by the State in the amount of $23,680 in each year of the biennium.
C. Approve a portion of the requested annual increased based upon the same percentage increase that was requested for the Douglas County facilities, approximately 7.73 percent in FY 2008 and 9.61 percent in FY 2009.

Assemblyman Denis was concerned why less funding was going to Spring Mountain Youth Camp versus China Springs Youth Camp and Aurora Pines Girls Facility and would like to increase the amount for Spring Mountain.

Senator Cegavske felt that Spring Mountain Youth Camp had not been funded as it should have been. She was considering option B that was presented by staff. Senator Cegavske asked staff whether there was another way to increase the amount.

Chairwoman Leslie suggested giving all the camps an adjustment for inflation and questioned whether S.B. 249 would take care of some of this. She suggested that to close these budgets, the additional funding could be put on an add list.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analyst Division, said that S.B. 249 had been heard but no action was taken as yet.

Chairwoman Leslie asked whether it would be an appropriate bill to address the additional money for Spring Mountain.

Mr. Ghiggeri answered that if there was a decision to add money, the bill could be amended to allow the addition or put additional money on an add list for consideration.

SENATOR CEGAVSKE MOVED THAT THE SUBCOMMITTEE:

1. APPROVE OPTION B WHICH WAS A PORTION OF THE REQUESTED ANNUAL INCREASE BASED UPON THE PERCENTAGE INCREASE OF THE FY 2007 BUDGET THAT WAS FUNDED BY THE STATE IN THE AMOUNT $23,680 IN EACH YEAR OF THE BIENNIUM.
2. ADD SPRING MOUNTAIN YOUTH CAMP TO THE ADD LIST.
3. APPROVE STAFF RECOMMENDATION FOR ADDITIONAL FUNDING FOR SALARY INCREASES AND UTILITY INFLATION COSTS FOR THE CHINA SPRING YOUTH CAMP AND AURORA PINES GIRLS FACILITY.

Assemblywoman Buckley said she would support the motion, but thought that S.B. 249 would not get processed, and there would be no money left for the add list.

Senator Titus agreed with Assemblywoman Buckley, but she wanted to see Spring Mountain receive some funds.

Chairwoman Leslie said the question was what amount and wished the Senate would decide on S.B. 249.

Senator Cegavske said there were four additional funding options that she had, but the Subcommittee did not have a copy.

Cherie Townsend, Director, Department of Juvenile Justice Services, Clark County, said that she understood that the difference in S.B. 249 for Spring Mountain Youth Camp would increase the state revenue annually by $1.6 million and believed the bill would increase the state revenue to China Springs and Aurora Pines by approximately $128,000, most of which had been addressed through the options presented to Senator Cegavske.

Chairwoman Leslie said that time was short, so she suggested the Subcommittee approve an additional $200,000 for the Spring Mountain Youth Camp and could later adjust the amount.

Assemblywoman Buckley said that it was a step toward equity and supported the amount.

Chairwoman Leslie asked for a motion regarding $200,000 for Spring Mountain.

Senator Cegavske said staff was asking whether the $200,000 was per year.

4. ADD $400,000 TO SPRING MOUNTAIN YOUTH CAMP.

SENATOR TITUS SECONDED THE MOTION.

Assemblyman Denis asked how S.B. 249 was tied into this.

Chairwoman Leslie said the bill had not passed as yet, so the effect would have to be determined later.

MOTION PASSED. (Assemblywoman Gansert and Senator Raggio were not present for the vote.)

Chairwoman Leslie closed the hearing on BA 3147 and opened the hearing on BA 3179.

HEALTH AND HUMAN SERVICES
CALIENTE YOUTH CENTER BA 3179
BUDGET PAGE DCFS—94, VOLUME II

Rex Goodman, Program Analyst, Fiscal Analysis Division, said there were no major closing issues. One closing item was the request for annual replacement and purchase of uniforms [E450 and E451].

ASSEMBLYWOMAN BUCKLEY MOVED THAT THE SUBCOMMITTEE APPROVE AS RECOMMENDED BY STAFF, BUT NOT APPROVE THE UNIFORMS.

SENATOR CEGAVSKE SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Gansert and Senator Raggio were not present for the vote.)

Mr. Goodman said that decision unit E805 was to reclassify the administrative services officer position, and E814 provided special salary adjustments for certain occupational groups.

SENATOR CEGAVSKE MOVED THAT THE SUBCOMMITTEE APPROVE BA 3179 AS STAFF RECOMMENDED AND GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Gansert and Senator Raggio were not present for the vote.)

Chairwoman Leslie closed the hearing on BA 3179 and opened the hearing on BA 3259.

HEALTH AND HUMAN SERVICES
NEVADA YOUTH TRAINING CENTER BA 3259
BUDGET PAGE DCFS—101, VOLUME II

Rex Goodman, Program Analyst, Fiscal Analysis Division, said that there were no major closing issues. Other items included:

- E450 and E451, uniforms for staff in the amount of $34,320 in fiscal year (FY) 2008 and $30,040 in FY 2009.
- E805, reclassification of the administrative services officer.
- E814, a special salary adjustment for occupational groups.
- M101, agency-specific inflation increases, staff recommended an adjustment to provide medical inflation.
- M750, for deferred maintenance projects.

Mr. Goodman said an additional item not in The Executive Budget was an additional position for quality assurance to help the Division meet its memorandum of understanding (MOU) requirements through the Department of Justice. The Division indicated that they were strongly encouraged to add another position to meet the remaining provisions of the MOU. Staff indicated that there was a similar level position within the administration budget with salary costs of approximately $49,000 in FY 2008 and $51,000 in FY 2009.

ASSEMBLYWOMAN BUCKLEY MOVED THAT THE SUBCOMMITTEE APPROVE BA 3259 AS STAFF RECOMMENDED, BUT WITH NO UNIFORMS AND NO NEW POSITION, AND GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Gansert and Senator Raggio were not present for the vote.)

Chairwoman Leslie closed the hearing on BA 3259 and opened the hearing on BA 3263.

HEALTH AND HUMAN SERVICES
YOUTH PAROLE SERVICES BA 3263
BUDGET PAGE DCFS—108, VOLUME II

Rex Goodman, Program Analyst, Fiscal Analysis Division, said there were two major closing issues. The first was the restoration of funding for placement and treatment services [E325]. The Division indicated that since the mental health redesign in 2006, it had not achieved the same levels of placement and treatment services for non-Medicaid-eligible youth and was requesting General Funds to replenish funding for these services in the biennium. The request was for $532,380 in fiscal year (FY) 2008 and $442,503 in FY 2009.

Mr. Goodman second major closing issue was a new position for the Interstate Compact on Juveniles (ICJ) [M502]. The Division indicated with the adoption by 35 states of ICJ, new requirements would be levied on the Division, and a new position would be necessary to meet those requirements. Mr. Goodman indicated that the 2005 Legislature adopted the ICJ for Nevada through Senate Bill No. 43 of the 73rd Legislative Session and issued a letter of intent to the Division allowing it to approach the Interim Finance Committee (IFC) to request the recommended administrator position upon the adoption of the compact by the 35th state.

Mr. Goodman noted that on decision units E812 and E814, staff needed authority to make technical adjustments.

Mr. Goodman referred back to E325 and said staff gave two options for the increased funding which included:

1. To eliminate the increased funding for placement treatment services.
2. To place funding with IFC to allow the Division to request it if services return to historical levels.

Chairwoman Leslie voted for option two, placing funding with IFC.

ASSEMBLYWOMAN BUCKLEY MOVED THAT THE SUBCOMMITTEE:

1. APPROPRIATE ALL OF THE RECOMMENDED FUNDING IN E325 TO THE IFC.
2. APPROVE M502 AND E805 AS GOVERNOR RECOMMENDED.
3. APPROVE E806 FOR RECLASSIFICATION.
4. APPROVE ALL OTHERS AS STAFF RECOMMENDED.
5. GIVE APPROVAL TO STAFF FOR TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Gansert and Senator Raggio were not present for the vote.)

Chairwoman Leslie closed the hearing on BA 3263 and opened the hearing on BA 3281.

HEALTH AND HUMAN SERVICES
NORTHERN NEVADA CHILD & ADOLESCENT SERVICES BA 3281
BUDGET PAGE DCFS—116, VOLUME II

Rex Goodman, Program Analyst, Fiscal Analysis Division, said that there were two major closing issues. The first was new staff [E450] for Early Childhood Mental Health Services, which would provide 2.5 full-time equivalent (FTE) positions to provide intake coordination for the agency's Early Childhood Mental Health Services and Outpatient Programs. Staff noted that these positions were similar to new positions in the southern Nevada, Clark County Neighborhood Family Services Center. The Division indicated there was no waiting list for these services in northern Nevada. Staff noted that this was recommended by the Governor.

Mr. Goodman said the second major item was new staff for the Therapeutic Day Treatment Classroom [E452], which would provide a second, day-treatment classroom. There was one currently provided through Victims of Crime Act (VOCA) funding, but children must be eligible for VOCA funding to utilize the class.

Chairwoman Leslie said the other closing items were self-explanatory.

SENATOR CEGAVSKE MOVED THAT THE SUBCOMMITTEE:

1. APPROVE E450 AND E452 AS RECOMMENDED BY THE GOVERNOR.
2. APPROVE OTHER CLOSING ITEMS AS RECOMMENDED BY STAFF.
3. GIVE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Gansert and Senator Raggio were not present for the vote.)

Chairwoman Leslie closed the hearing on BA 3281 and opened the hearing on BA 3646.

HEALTH AND HUMAN SERVICES
SOUTHERN NEVADA CHILD & ADOLESCENT SERVICES BA 3646
BUDGET PAGE DCFS—126, VOLUME II

Rex Goodman, Program Analyst, Fiscal Analysis Division, said the first major closing item was a new mobile crisis team for children's mental health [E450], which would fund 11 contract mental health providers available 7-days-per-week from 8 a.m. to midnight to respond to juvenile mental health emergencies. This was a major recommendation by the Clark County Children's Mental Health Consortium. Mr. Goodman said the second major closing item was new positions to convert one residential unit at the Desert Willow Treatment Center [E453]. This would add five new positions to convert one residential unit with 12 beds to a co-occurring diagnoses unit to treat severe emotional disturbances (SED) and substance abuse. The Division indicated that would not serve more children, but would meet an unmet need for such treatment in the State.

Chairwoman Leslie said she supported E453 and E450.

ASSEMBLYWOMAN BUCKLEY MOVED THAT THE SUBCOMMITTEE:

1. APPROVE E450 AND E453 AS RECOMMENDED BY THE GOVERNOR.
2. APPROVE ALL OTHER ITEMS AS RECOMMENDED BY STAFF.
3. GIVE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR TITUS SECONDED THE MOTION.

MOTION PASSED. (Assemblywoman Gansert and Senator Raggio were not present for the vote.)

Chairwoman Leslie closed the hearing on BA 3646.

Senator Cegavske stated she wanted to amend BA 3147 and the $200,000 per year for the Spring Mountain Youth Camp.

Chairwoman Leslie asked that instead of the $400,000 she was wanted option 2 of the paper that Senator Cegavske had that showed $462,493.

Senator Cegavske said that the Subcommittee could stay with the original motion, but would ask for more information from the Division.

Chairwoman Leslie adjourned the meeting at 11:07 a.m.

RESPECTFULLY SUBMITTED:

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Christine Bashaw
Committee Secretary

APPROVED BY:

Sheila Leslie
____
Assemblywoman Sheila Leslie, Chair

DATE:______________________________

____
Senator Barbara K. Cegavske, Chair

DATE:______________________________

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on K-12/Human Services

Date: May 16, 2007 **Time of Meeting: 8:17 a.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Steve Abba, Principal Deputy Fiscal Analyst	E425 Discretionary Rate Chart